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WORKSTYLE: A WHOLE NEW WAY TO MANAGE YOUR PEOPLE

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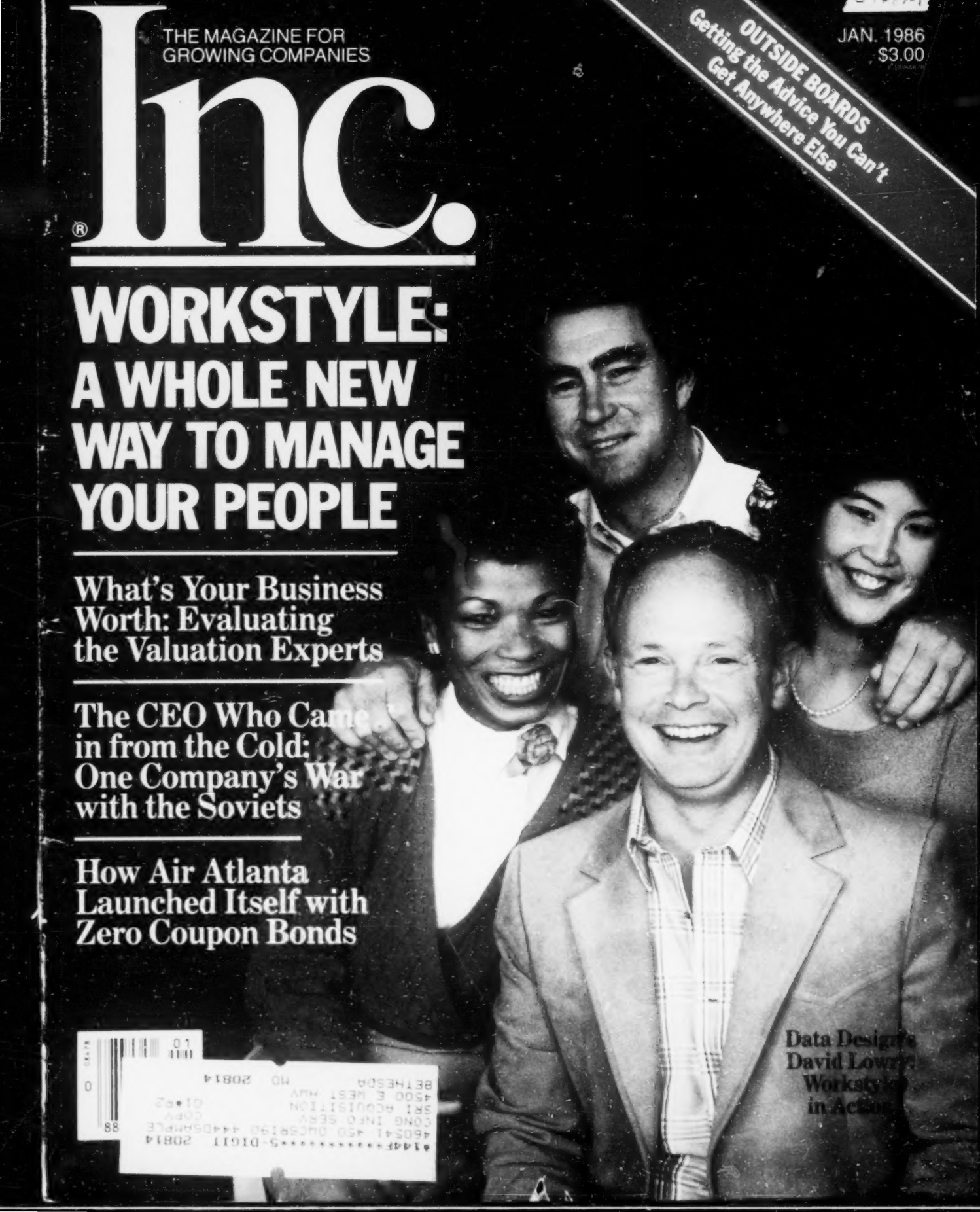
The CEO Who Came in from the Cold: One Company's War with the Soviets

How Air Atlanta Launched Itself with Zero Coupon Bonds



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JANUARY 1986

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of their legal work in-house. All those cutbacks have come at a time of explosive growth in the number of licensed attorneys, up about 25% since 1980.

Conflict-of-interest problems may plague the new ventures. If part of a law firm is working on a real estate deal, legal scholars question whether another part can advise the same client about legal difficulties with the deal. And clients are likely to worry that confidential information about their companies could be used by a firm to aid its own subsidiary. "Any time that a law firm's client has *any* business relationship with that firm's nonlegal business, I see a red flag," says New York University Law School professor Stephen Gillers. "Many firms are doing this with the best of intentions—but you can fall into ethical traps even when you're on the side of the angels."—*Nell Margolis*

Business Troubles in Mesopotamia, Part 2: *The Shekel's in the Mail*

Tell Puzur-Assur, Amua, and Assur-samsi:

Thirty years ago you left the city of Assur. You have never made a deposit since, and we have not recovered one shekel of silver from you, but we have never made you feel bad about this. Our tablets have been going to you with caravan after caravan, but no report from you has ever come here. We have addressed claims to your father but we have not been claiming one shekel of your private silver. Please, do come back right away; should you be too busy with your business, deposit the silver for us. [Remember,] we have never made you feel bad about this matter but we are now forced to appear, in your eyes, acting as gentlemen should not. Please, do come back right away or deposit the silver for us.

If not, we will send you a notice from the local ruler and the police, and thus put you to shame in the assembly of the merchants. You will also cease to be one of us.

—Letter of Silla-Labbum and Elani, Old Assyrian period

SCORECARD

A Loan at Last

By Virginia Inman

When it comes to commercial loans, the rich aren't getting richer. New York City banks may have the most dough, but their commercial and industrial loan portfolios aren't rising very fast. The Federal Reserve districts that post the largest gains in C&I lending are those headquartered in Boston, Atlanta, and Richmond, regional hubs not known for their banking giants.

"Larger banks aren't getting much out of the middle market—small firms. That's where the growth [in loan demand] is," says Wayne D. Gantt, an economist at SunTrust Banks Inc. in Atlanta. "Those places that are traditionally large money-

Federal Reserve Districts

Region	C&I loans outstanding 2nd qtr. '85 ($ mil.)	% change 2nd qtr. '84–2nd qtr. '85
Boston	11,917	23.0
Atlanta	11,702	21.8
Richmond	16,141	21.2
St. Louis	4,349	21.0
Philadelphia	8,814	16.7
Cleveland	16,166	16.6
Minneapolis	4,940	14.1
San Francisco	51,977	7.4
New York	74,419	0.7
Kansas City	3,150	–0.3
Dallas	19,008	–3.8
Chicago	30,662	–5.0
Total	253,245	5.8

center bank areas—San Francisco, Chicago, New York—aren't growing as much. Many large banks have also been slowed by concerns about problem loans to Third World countries.

Commercial loans, most of which are made within a bank's own Fed district, tend to mirror economic trends. For example, 9 out of the top 10 states in personal income growth from 1982 to 1985 are in New England or the Southeast—the same regions that lead in C&I lending growth.

The severe economic troubles of the Farm- and Energybelts are reflected in figures for the Kansas City, Dallas, and Chicago regions, where lending dropped from the second quarter of 1984 to the second quarter of 1985. But parts of the Rustbelt are showing strength. The Cleveland and Philadelphia districts, comprising most of Ohio and Pennsylvania, continued to snap back during the same period with solid C&I lending increases of close to 17%.

The chart on the left shows the growth rates for the 12 Fed regions.